



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

**DATE:** September 22, 2005

**SUBJECT:** Eligibility for Severe Need Rates for the School Breakfast Program (SBP) SP - 23

**TO:** Regional Directors  
Special Nutrition Programs  
All Regions

Section 220.9(e) of the School Breakfast Program (SBP) regulations outlines criteria for schools to qualify for severe need reimbursement. Included in these criteria is the requirement that 40 percent or more of the lunches served to students at that school in the second preceding school year were served free or at a reduced price. This criterion is intended to ensure that the severe need reimbursement rate is provided to schools which have already demonstrated that a high percentage of meals, defined as 40 percent or more of lunches, are being served to needy students.

Section 201 of the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) eliminated the previous requirement that school breakfast costs exceed the National Average Payment rate of reimbursement as one criterion for receiving the higher severe need funding in the SBP. Furthermore, P.L. 108-265 allows school food authorities to claim eligibility for severe need reimbursements when approved by the State agency, based on guidance established by the Secretary that the 40 percent criteria would otherwise have been met, in schools that did not serve lunches in the second preceding year.

This memorandum provides the above-mentioned guidance.

### **Determining Eligibility for Severe Need Reimbursement in New Schools**

Typically, when new schools are opened, they contain either a subset of students from one school or a combination of students from several schools (but usually not from the existing school in its entirety). Therefore, in most cases there is no participation data from the second preceding year which matches the current school population to demonstrate that 40 percent or more of the lunches served to the student population were served free or at a reduced price.

There may be some instances in which data from the second preceding year is valid for a new school. Examples include:

- A school changes its name with no change in location or student membership;
- or

- A school moves to a new building with no changes in the student membership;  
or
- A combination of the above two items; or
- Two or more severe need schools combine their entire student membership into one school

In the above examples, if the data from the second preceding year showed that the school (or schools) served 40 percent or more of their lunches free or at a reduced price, the new school could then qualify for severe need rates.

- In other instances where a majority of the students were transferred from severe need schools, new schools may demonstrate that they qualify for severe need reimbursement if they serve at least 40 percent of their lunches free or at a reduced price for the first three claims of the current year. Severe need reimbursements to these new schools will have retroactive effect encompassing the three months that were used to establish the school's eligibility.

Please contact Rosemary O'Connell or Chris Davenport with any questions on this guidance.



STANLEY C. GARNETT  
Director  
Child Nutrition Division